



February 23, 2016

SB & Company, LLC
200 International Circle
Suite 5500
Hunt Valley, MD 21030

This representation letter is provided in connection with your audit of the financial statements of the governmental activities, and the major fund of the Town of Garrett Park, Maryland (the Town), as of June 30, 2015, for the fiscal year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position and results of operations of the various units of the Town in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of February 23, 2016:

Financial Statements

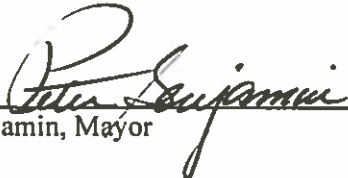
- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of uncorrected misstatements summarized in the attached schedule and aggregated by you during the current engagement are in our judgement immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.


Information Provided

- We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information that we are aware of in relation to fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation and claims whose effects we believe should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The Town has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the Town is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62. We have not consulted a lawyer during the year ended June 30, 2015 or through the date of this letter regarding litigation, claims or assessments.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
 - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- The Town has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- Receivables recorded in the financial statements represent valid claims against debtors for sales or charges for services provided or other charges arising on or before the balance sheet date and have been appropriately reduced to their estimated net realizable value.
- To the best of our knowledge and belief, no events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.



Peter Benjamin, Mayor



Gene Swearingen, Town Manager



TOWN OF GARRETT PARK, MARYLAND

Financial Statements Together with Report of Independent Public Accountants

For the Year Ended June 30, 2015



SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

JUNE 30, 2015

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Honorable Mayor, Members of the Town Council and Town Manager
Town of Garrett Park, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Garrett Park, Maryland, (the Town) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Town's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and Schedule of Revenues and Expenditures – Budget and Actual – General Fund as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Hunt Valley, Maryland

February 22, 2015

TOWN OF GARRETT PARK, MARYLAND

Management's Discussion and Analysis

June 30, 2015

As management of the Town of Garrett Park, Maryland ("the Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year that ended June 30, 2015. We encourage readers to use this information in conjunction with the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

In fiscal year 2015 the Town completed work on projects and activities begun in 2014 and began work on new projects.

Specifically, the Town:

- Completed the revised Personnel Policies which address recruiting, selection, employee development, performance appraisals, ethics, equal employment opportunity, health and safety, electronic communications, alcohol and drug free workforce, smoking, use of Town equipment, and discipline. These policies complete the comprehensive set of policies which form the Town's Employee Handbook.
- Changed carriers for the employee's health insurance program. The Town joined the Montgomery County health program effective at the beginning of FY 2016. That program provides better coverage at a lower cost than the previous plan.
- After a SHA-approved bid process, selected a survey company to survey the Town right of way along the routes of the sidewalk project funded under a Federal grant.
- Continued to work with the design firm selected by the State Highway Administration to develop the design of the sidewalk project.
- Selected a contractor and began work on the new Town website.
- Began work on the second phase of the Street Rehabilitation project including the selection of the streets to be repaired and development of the RFP.

Using This Annual Report

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary and non-required supplemental information in addition to the basic financial statements themselves. The Town keeps its books and records on a modified accrual basis to show budgetary compliance during the course of the fiscal year. At the close of the fiscal year, the Town records certain adjustments for full accrual accounting and reporting to be consistent with accounting principles generally accepted in the United States of America as prescribed by the Government Accounting Standards Board.

TOWN OF GARRETT PARK, MARYLAND

Management's Discussion and Analysis

June 30, 2015

Reporting the Town as a Whole

The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the Town's finances is, "Is the Town as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and deferred outflows and liabilities and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report changes in the Town's net position. You can think of the Town's net position (the difference between assets plus deferred outflows and liabilities plus deferred inflows) as one way to measure the Town's financial health or position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, such as changes in the Town's property tax base and the condition of the Town's roads to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Activities, as of June 30, 2015, the Town had only Governmental Activities. The Town's basic services are reported here, including general administration, public works, and parks. Taxes, fees, and state and federal grants finance most of these activities.

Reporting the Town's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the Town as a whole. The Town's funds are governmental in nature. There are no proprietary funds. The Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations included in the basic financial statements.

TOWN OF GARRETT PARK, MARYLAND

Management's Discussion and Analysis June 30, 2015

The Town as a Whole

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different from a typical Statement of Revenues, Expenditures and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the Town's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Some of the individual line item revenues reported for each function in addition to property and income taxes are:

General Government	Building Permit Fees, State Grants,
Public Works	Municipal Refuse Collection Fees, Highway User Revenues, County Service Duplication Grants, Federal Grants
Parks and Trees	State Grants, Restricted Contributions

All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted to a specific purpose.

Governmental-Wide Financial Information

The following is selected information as of June 30, 2015 and for the previous year ended provided for comparison purposes.

TOWN OF GARRETT PARK, MARYLAND

Management's Discussion and Analysis June 30, 2015

	Governmental Activities	
	2015	2014
Current and other assets	\$ 805,236	\$ 575,100
Capital assets	2,466,822	2,715,433
Total assets	3,272,058	3,290,533
Current liabilities	91,281	70,287
Long-term liabilities	334,352	381,068
Total liabilities	425,633	451,355
Net Position:		
Net investment in capital assets	2,114,923	2,321,134
Unrestricted	731,502	518,044
Total net position	2,846,425	2,839,178
Total Liabilities and Net Position	\$ 3,272,058	\$ 3,290,533
Program revenues:		
Charges for services	\$ 290,620	\$ 278,462
Operating grants and contributions	97,971	75,386
General revenues:		
Income taxes	316,220	295,064
Property taxes	463,122	415,006
Interest, investment earnings	2,263	1,336
Miscellaneous	7,683	2,142
Total general revenues	1,177,879	1,067,396
Expenses:		
General government	594,652	536,740
Public works	511,267	747,985
Parks	45,629	40,127
Interest expense	19,084	11,125
Total expenses	1,170,632	1,335,977
Change in net position	7,247	(268,581)
Net position, beginning of the year	2,839,178	3,107,759
Net position, End of the Year	\$ 2,846,425	\$ 2,839,178

TOWN OF GARRETT PARK, MARYLAND

Management's Discussion and Analysis June 30, 2015

Business-type Activities

The Town currently has no business-type activities.

The Town's Funds

The following schedule presents a summary of general fund revenues and expenses for the fiscal year ended June 30, 2015 and amount of increases and decreases from the prior year.

	FY 2015 Amount	Percent of Total	Increase (Decrease) From FY 2014
Revenues:			
Income taxes	\$ 316,220	27%	\$ 25,527
Property taxes	480,857	40%	66,107
Licenses & permits	15,940	1%	3,584
Intergovernmental	89,896	8%	14,510
Rental income	138,727	12%	6,574
Investment income	2,263	0%	927
Miscellaneous	143,636	14%	7,541
Total Revenues	1,187,539	102%	124,770
Expenditures:			
General government	448,009	47%	35,242
Public works	343,186	36%	(312,011)
Parks	29,350	3%	4,040
Capital outlays	76,670	8%	76,670
Debt service	61,484	6%	(442)
Total Expenditures	\$ 958,699	100%	\$ (196,501)

Total revenue for FY 2015 taxes was \$779,077, \$91,634 higher than the \$687,443 received in FY 2014.

TOWN OF GARRETT PARK, MARYLAND

Management's Discussion and Analysis June 30, 2015

General Fund Budgetary Highlights

The initial FY 2015 budget was approved on April 14, 2014. The budget was amended, mid-year, on February 9, 2015. The Town did not amend the budget after the mid-year adjustment.

Annual budgets are adopted for all Town funds. The Town Council may subsequently amend the budget. For day-to-day management control, expenditures may not exceed budget at the major account level. The Town prepares an annual operating budget on a basis designed to facilitate policy decisions, a form not consistent with generally accepted accounting principles (GAAP).

The Town ended FY2015 with \$55,595 less than expected in revenue largely as a result of not having to use \$104,350 of prior year carry over and reserves. The Town also spent \$95,158 less than budgeted. The result was a positive budget balance of \$41,023.

Capital Asset and Debt Administration

Capital Assets

The Town's total investment in capital assets for its governmental activities amounted to \$2,466,822 as of June 30, 2015 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, furniture, fixtures, vehicles, infrastructure, and playground and parking lot.

The Town's capital assets as of June 30, 2015 and 2014 are summarized below.

	Governmental Activities	
	2015	2014
Land	\$ 111,378	\$ 111,378
Infrastructure	896,077	975,005
Playground and parking lot	151,988	168,267
Buildings and improvements	1,286,781	1,432,809
Office equipment	8,769	5,184
Furniture and fixtures	187	312
Vehicles	11,642	22,478
Total	\$ 2,466,822	\$ 2,715,433

Debt

As of year-end, the Town had \$342,357 in an outstanding note as compared to \$394,299 last year. This debt is a general obligation bond issued by the Maryland Community Development Administration. The proceeds were used to renovate Penn Place as well as make other infrastructure improvements.

TOWN OF GARRETT PARK, MARYLAND

Management's Discussion and Analysis June 30, 2015

Economic Factors and Next Year's Budgets and Rates

In FY2016, the Town expects moderate growth in operating receipts due to increases in the major revenue items, Real Property Taxes and Local Income Taxes. Improvements in the Maryland economy generally and in Montgomery County specifically have increased real property values and are expected to continue that increase over the coming years. Additionally, the influx of more affluent residents to Garrett Park is having a positive impact on Income Tax revenue. . Operating expenditures will show an increase in FY 2016 and beyond as planned capital improvements to Town buildings, parks and the arboretum get underway. Storm water and other infrastructure improvements are also in the planning stages for FY 2016 and beyond.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Manager by email at managergene@garrettparkmd.gov; by phone at 301-933-7488 or at 4600 Waverly Street (PO Box 84), Garrett Park, MD, 20896.

TOWN OF GARRETT PARK, MARYLAND

Statement of Net Position As of June 30, 2015

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents-unrestricted	\$ 759,059
Cash and cash equivalents-restricted	2,610
Investments	16,099
Prepaid expenses	1,329
Amounts due from other governments	3,432
Accounts receivable - income tax	22,707
Total Current Assets	<u>805,236</u>
Noncurrent Assets	
Net capital assets	<u>2,466,822</u>
Total Assets	<u>\$ 3,272,058</u>
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued expenses	\$ 46,881
Current portion of long-term debt	<u>44,400</u>
Total Current Liabilities	<u>91,281</u>
Noncurrent liabilities:	
Compensated absences	26,853
Loan payable - long-term	<u>307,499</u>
Total Noncurrent Liabilities	<u>334,352</u>
Total Liabilities	<u>425,633</u>
Net Position	
Net investment in capital assets	2,114,923
Unrestricted	<u>731,502</u>
Total Net Position	<u>\$ 2,846,425</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF GARRETT PARK, MARYLAND

Statement of Activities For the Year Ended June 30, 2015

				Net (Expense) Revenue and Changes in Net Assets
		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Total
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 594,652	\$ 154,667	\$ 97,971	\$ (342,014)
Public works	511,267	135,953	-	(375,314)
Parks	45,629	-	-	(45,629)
Interest on long-term debt	19,084	-	-	(19,084)
Total Governmental Activities	<u>\$ 1,170,632</u>	<u>\$ 290,620</u>	<u>\$ 97,971</u>	<u>(782,041)</u>
GENERAL REVENUES				
Taxes:				
	Income taxes			316,220
	Property taxes			463,122
	Interest and investment earnings			2,263
	Miscellaneous			7,683
	Total general revenues			<u>789,288</u>
CHANGE IN NET POSITION				7,247
NET POSITION, BEGINNING OF YEAR				<u>2,839,178</u>
NET POSITION, END OF YEAR				<u>\$ 2,846,425</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF GARRETT PARK, MARYLAND

Balance Sheet – Governmental Fund As of June 30, 2015

	General Fund
ASSETS	
Cash and cash equivalents-unrestricted	\$ 759,059
Cash and cash equivalents-restricted	2,610
Investments	16,099
Prepaid expenses	1,329
Other accounts receivables	3,432
Accounts receivable - income tax	22,707
Total Assets	\$ 805,236
LIABILITIES	
Accounts payable and accrued expenses	\$ 46,881
Deferred Inflows of Resources	
Unavailable revenue - income tax	22,707
Fund Balances	
Non-spendable	1,329
Committed	405,000
Unassigned	329,319
Total Fund Balances	735,648
Total liabilities, Deferred Inflows of Resources and Fund Balances	\$ 805,236

The accompanying notes are an integral part of this financial statement.

TOWN OF GARRETT PARK, MARYLAND

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position As of June 30, 2015

Total Governmental Fund Balances	\$ 735,648
Capital assets used in governmental activities are not financial resources and therefore are not reported in funds.	2,466,822
Receivables pertaining to revenue that is not available in accordance with modified accrual accounting are reported as deferred inflows of resources in the funds.	22,707
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported in the funds.	<u>(378,752)</u>
Net position of governmental activities	<u>\$ 2,846,425</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF GARRETT PARK, MARYLAND

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Fund For the Year Ended June 30, 2015

	General Fund
REVENUES	
Taxes	\$ 797,077
Licenses and permits	15,940
Intergovernmental	89,896
Charge for services	135,953
Rental income	138,727
Investment income	2,263
Miscellaneous	7,683
Total Revenues	1,187,539
EXPENDITURES	
Current Operations	
General government	448,009
Public works	343,186
Parks	29,350
Capital outlays	76,670
Debt service:	
Principal	42,400
Interest	19,084
Total Expenditures	958,699
Excess of revenues over expenditures	228,840
Fund Balances, beginning of year	506,808
Fund Balances, End of Year	\$ 735,648

The accompanying notes are an integral part of this financial statement.

TOWN OF GARRETT PARK, MARYLAND

Reconciliation of The Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances to The Statement of Activities For the Year Ended June 30, 2015

Net Change in Fund Balances-Total Governmental Funds	\$ 228,840
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	42,400
Decreases in deferred inflows of resources relating to income taxes do not use current resources and are not reported as revenue in the funds.	(17,698)
Differences between accrual and modified accrual in accounting for compensated absences.	2,316
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	<u>(248,611)</u>
Change in net position of governmental activities	<u>\$ 7,247</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF GARRETT PARK, MARYLAND

Notes to Financial Statements June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Town of Garrett Park, Maryland was incorporated in 1898, pursuant to authority of Article XIE of the Constitution of Maryland and Article 23A of the Annotated Code of Maryland. The Town operates under a Council-Mayor form of government and provides the following services as authorized by its charter: highways and streets, storm water, culture-recreation, public improvements, planning and zoning, and general administrative services.

The accounting policies of the Town of Garrett Park conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

In evaluating how to define the Town of Garrett Park, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set by the Governmental Accounting Standards Board. Component units are legally separate organizations for which the elected officials of the Town are financially accountable and a financial benefit or burden relationship exists. In addition, component units can be other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the Town's financial statements to be misleading. Based upon the application of criteria set by the Governmental Accounting Standards Board, there are no separate component units of the Town.

Basis of Presentation – Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The Town's funds are grouped into one broad fund category.

Governmental funds include the General Fund. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

TOWN OF GARRETT PARK, MARYLAND

Notes to Financial Statements June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Town, the primary government, as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. As of June 30, 2015, the Town had no business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting, including the reclassification or elimination of internal activity (between funds). This differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between expenses, and program revenues for each segment of the business-type activities of the Town, if any, and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect costs are allocated to programs. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment, if any, is self-financing or draws from the general revenues of the Town. Net position should be reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Fund Financial Statements

Fund financial statements report detailed information about the Town. The focus of governmental financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds, if any, are aggregated and presented in a single column.

TOWN OF GARRETT PARK, MARYLAND

Notes to Financial Statements June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds

Town activities pertaining to general government, public works, capital projects, recreation, and culture are reported in the governmental funds. All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e. collectible within the current year or within two months of year-end and available to pay obligations of the current period). These include property taxes, franchise taxes, investment earnings, charges for some of the Town services and intergovernmental revenues. Some revenues, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, some revenues are recorded as receivables and deferred inflows of resources. Other revenues, including licenses and permits, certain charges for services, and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on long-term debt, which has not matured, are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition, excluding investments in the State of Maryland Local Government Investment Pool and the Montgomery County Pooled Investment Program.

Investments

Investments held as of June 30, 2015 with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

TOWN OF GARRETT PARK, MARYLAND

Notes to Financial Statements June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables

Receivables as of June 30, 2015 consist primarily of income tax, highway user revenues, and vendor receivables. Receivables are deemed collectible in full, and thus no allowance for doubtful accounts has been recorded as of June 30, 2015.

Deferred Outflows and Inflows of Resources

In June 2011, GASB issued Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. This statement provides guidance on reporting deferred inflows and outflows of resources and redefines net assets as net position. The Town has implemented this standard beginning July 1, 2012.

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The Town has implemented this standard as of July 1, 2012. A *deferred outflow of resources* represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Likewise, a *deferred inflow of resources* represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

As of June 30, 2015 the balance of deferred inflows of resources in the governmental fund financial statements consisted of income taxes of \$22,707.

Local Tax Reserve Fund

As of June 30, 2015, the Town was advised by the State of Maryland that \$22,707 of the Local Tax Reserve Fund was allocable to the Town. The Town recorded receivable and deferred inflows of resources in the amount of \$22,707 in the fund financial statements. The change in this amount has been reflected as income tax revenue in the government wide financial statements in accordance with full accrual accounting.

TOWN OF GARRETT PARK, MARYLAND

Notes to Financial Statements

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the Town as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Infrastructure such as bridges, roads, curbs and gutters, streets, sidewalks, drainage systems and lighting systems are capitalized. The valuation bases for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated. Intangible assets are recognized if they are identifiable, and are amortized over their useful lives if they do not have indefinite useful lives.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 20 years.

Interest Expense

Interest is expensed as incurred except when interest is incurred during the construction period and is capitalized as part of the cost of the asset.

Compensated Absences

The Town tracks unused vacation pay in the period that the liability is incurred. Full-time employees are granted vacation leave based on the number of continuous service years. The liability of these compensated absences is recorded as a long-term liability in the government-wide statements. As of June 30, 2015, the liability for vacation which has not been taken is \$26,853. The annual limit for accrued vacation leave, based on the revised Personnel Policy is 160 hours for each employee. However excess leave may be used or paid to employee if approved by the Town Manager. The Reserve Fund from which accrued unused leave is paid has a balance of \$16,205 on June 30, 2015. The Town Council has adopted a policy of adjusting the Reserve Fund as necessary each year to insure that it covers the liability of unused leave.

TOWN OF GARRETT PARK, MARYLAND

Notes to Financial Statements June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues, expenditures, and expenses. Actual results could vary from the estimates that were used.

Net Position

Net position is displayed in three components:

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings, and reduced or increased by deferred inflows and outflows attributable to the acquisition, construction or improvement of those assets.

Restricted net position – Consists of net position with constraints placed on its use either by 1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation and are reduced by liabilities and deferred inflows of resources related to those constraints.

Unrestricted net position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the Town’s policy to use restricted resources first and then unrestricted resources as needed.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

1. Non-Spendable Fund Balance – amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact;
2. Restricted Fund Balance – amounts that can be spent only for specific purposes because of restrictions imposed externally by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by the Town Charter, Town Code or enabling legislation;
3. Committed Fund Balance – amounts that can be used only for specific purposes determined by a formal action by Town Council, the Town’s highest level of decision-making authority, ordinance or resolution;

TOWN OF GARRETT PARK, MARYLAND

Notes to Financial Statements June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Balances (continued)

4. Assigned Fund Balance – amounts that are constrained by the Town's intent that they will be used for specific purposes but are neither restricted nor committed. Pursuant to the Town Charter, the Town Manager and the Town council are authorized to assign amounts for specific purposes;
5. Unassigned Fund Balance – all amounts not included in other spendable classifications.

2. COMPLIANCE AND ACCOUNTABILITY

Budget Requirements, Accounting, and Reporting

Requirements for all funds

Annual budgets are adopted for all Town funds. The Town Council may subsequently amend the budget during the fiscal year. For day-to-day management control, expenditures may not exceed budget at the major account level.

The Town prepares an annual operating budget to assist the Council in making policy decisions which is not consistent with generally accepted accounting principles (GAAP).

3. DEPOSITS AND INVESTMENTS

Deposit Policies

Statutes authorize the Town to invest in certificates of deposit, repurchase agreements, passbooks, banker's acceptance, and other available bank investments provided that approved securities are pledged to secure those funds deposited in an amount equal to the amount of those funds. In addition, the Town can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law and can invest in the State of Maryland Local Government Investment Pool and the Montgomery County Pooled Investment Program (MCPIP).

The Town's deposits are insured or collateralized with securities held by the Town, its agent, or by the pledging financial institution's trust department or agent in the name of the Town.

TOWN OF GARRETT PARK, MARYLAND

Notes to Financial Statements June 30, 2015

3. DEPOSITS AND INVESTMENTS (continued)

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned or the Town will not be able to recover collateral securities in the possession of an outside party. The Town's policy requires deposits to be insured by FDIC, and balances exceeding FDIC limits be secured by collateral valued at percent of principal and accrued interest. Collateral is to be held by the Town, its agent, or by the pledging financial institution's trust department or agent in the name of the Town.

At year-end, the carrying amount of the Town's deposits was \$759,059 and the bank balances totaled \$778,555. In addition, \$2,610 was held in a First Dollar reserve account with Health Plans Dental Plus. At year end, the Town's bank balances were not exposed to any custodial credit risk because all deposits were fully collateralized or insured by FDIC.

Investment Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town has no policy regarding credit risk.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Town's policy provides that to the extent practicable, investments are matched with anticipated cash flows.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. The Town has no policy regarding concentration of credit risk.

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Town policy provides that investment collateral is held by a third party custodian with whom the Town has a current custodial agreement in the Town's name.

Generally, the Town's investing activities are managed by the Town Manager. Investing is performed in accordance with investment policies adopted by the Town Council complying with State Statutes and the Town Charter. Town funds may be invested in: 1) U.S. Treasury obligations; 2) U.S. Government Agency and U.S. Government-sponsored instrumentalities; 3) Repurchase agreements (master repurchase agreement required); 4) Collateralized certificates of deposit (only Maryland commercial banks) corporation, special district authority or political subdivision thereof, or in any fund or trust that invests only in the securities described in this paragraph.

TOWN OF GARRETT PARK, MARYLAND

Notes to Financial Statements June 30, 2015

3. DEPOSITS AND INVESTMENTS (continued)

Investments

The Town has invested as of June 30, 2015, \$16,099 in the Montgomery County Pooled Investment Program (MCPIP), which is administered by Montgomery County. The pool is under the administrative control of the Montgomery County Government. The Town's investments are shown by type, carrying amount, fair value, cost and level of risk assumed in holding the various accounts. Investments are carried at cost which approximates market. The fair value of MCPIP investments is determined daily. The Town's fair value position in the Pool is the same as the value of pool share.

As of June 30, 2015, the Town had the following investments:

<u>Type of Investments</u>	<u>Fair Value/Carrying Amount</u>	<u>Cost</u>	<u>Average Credit Quality/Ratings</u>
Montgomery County Investment Pool Account	<u>\$ 16,099</u>	<u>\$ 16,099</u>	AAAm

4. PROPERTY TAX

Real estate and personal property taxes are levied based on the State of Maryland assessments. Property taxes include amounts levied against all real and public utility property and tangible personal property which are used in businesses located in the Town.

Real property taxes are levied on the first day of July on the assessed value. When taxes are overdue, a lien is placed against the property. Taxes are due and payable on September 30th and December 31st in the year for which they are levied. Penalties and interest are charged on any unpaid taxes. The property tax rate for fiscal year 2015 is \$0.21 per \$100 of assessed value for real property, and \$1.00 per \$100 of assessed value for personal property.

TOWN OF GARRETT PARK, MARYLAND

Notes to Financial Statements June 30, 2015

5. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015
Governmental activities:				
Not being depreciated:				
Land	\$ 111,378	\$ -	\$ -	\$ 111,378
Depreciable capital assets:				
Infrastructure	1,561,440	-	-	1,561,440
Playground and parking lot	278,063	-	-	278,063
Buildings and improvements	3,017,129	-	-	3,017,129
Office equipment	37,499	5,722	-	43,221
Furniture and fixtures	252,735	-	-	252,735
Vehicles	167,472	-	-	167,472
Subtotal	5,314,338	5,722	-	5,320,060
Total capital assets	5,425,716	5,722	-	5,431,438
Accumulated depreciation:				
Infrastructure	586,435	78,928	-	665,363
Playground and parking lot	109,796	16,279	-	126,075
Buildings and improvements	1,584,320	146,028	-	1,730,348
Office equipment	32,315	2,137	-	34,452
Furniture and fixtures	252,423	125	-	252,548
Vehicles	144,994	10,836	-	155,830
Total accumulated depreciation	2,710,283	254,333	-	2,964,616
Governmental activities capital assets, net	\$ 2,715,433	\$ (248,611)	\$ -	\$ 2,466,822
Government activities:				
General government		\$ 146,643		
Public works		91,411		
Parks		16,279		
Total depreciation expense - governmental activities		\$ 254,333		

TOWN OF GARRETT PARK, MARYLAND

Notes to Financial Statements June 30, 2015

6. DEFERRED COMPENSATION PLAN

The Town Council established a deferred compensation plan created in accordance with Internal Revenue Code Section 457. As structured, the plan is available to all full-time employees, and permits them to defer a portion of their salary until future years. Employees can defer any portion of their includable salaries over the plan year. The Town contributes 2% of eligible employees' salaries to this plan, regardless of whether the employee contributes to the plan, plus up to an additional 2.5% of the employee's gross salary for those employees who contribute to the plan. During fiscal year 2015, the Town contributed \$12,842.

Effective January 1, 1998, all amounts of compensation deferred under the plan, and all related income are held in trust for the exclusive benefit of participants and their beneficiaries. The assets will not be diverted to any other purpose.

In compliance with the Internal Revenue Code Section 457(g), all assets and income of the plan are held in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the investments designated for compensation benefits are not reflected in the Town's financial statements. The Plan Administrator, ICMA, is the trustee.

7. LONG-TERM DEBT

Governmental Activities

On May 1, 2002, the Maryland Community Development Administration issued general obligation bonds with a face value of \$800,000, for the purpose of financing a portion of the renovation of Penn Place, as well as other infrastructure improvements. Principal payments are due each year on May 1st through May 1, 2022. Interest payments are paid semi-annually on May 1st and November 1st for the term of the bonds. The interest rate as of June 30, 2015 was 3.7%. The principal balance as of June 30, 2015 was \$351,899.

The changes in long-term debt as of June 30, 2015 are summarized as follows:

Lender	Begininng Balance July 1, 2014	Decreases	Increases	Ending Balance June 30, 2015	Amount Due Within 1 Year
Infrastructure Bonds	\$ 394,299	\$ 42,400	\$ -	\$ 351,899	\$ 44,400
Compensated absences	29,169	2,316	-	26,853	-
	<u>\$ 423,468</u>	<u>\$ 44,716</u>	<u>\$ -</u>	<u>\$ 378,752</u>	<u>\$ 44,400</u>

Interest costs charged to expense during the year ended June 30, 2015, was \$19,084.

TOWN OF GARRETT PARK, MARYLAND

Notes to Financial Statements June 30, 2015

7. LONG-TERM DEBT (continued)

Governmental Activities (continued)

The principal and interest requirements to maturity of the long-term debt of all funds are:

June 30,	Infrastructure Bond		
	Principal	Interest	Total
2016	\$ 44,400	\$ 16,966	\$ 61,366
2017	46,500	14,990	61,490
2018	49,200	12,876	62,076
2019	51,200	10,588	61,788
2020	53,200	8,496	61,696
2021-2022	107,399	16,678	124,077
Total	\$ 351,899	\$ 80,594	\$ 432,493

8. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to workers; and natural disasters.

The Town has an insurance agreement with the Local Government Insurance Trust (LGIT), a public entity risk pool. LGIT provides the Town's general, automobile, employee, health, police and public officials' legal liability insurance coverage. The Town's commercial insurance company provides property coverage.

This is a total risk and cost sharing pool for all participants. In the event that the Trust's General Fund falls into a deficit that cannot be satisfied by transfers from the Trust's capital and surplus accounts, the Trustees shall determine a method to fund the deficit. The Trust agreement empowers the Trustees to assess an additional premium to each deficit-year participant. Debt issues could also be used to fund a deficit.

Premiums are charged to the appropriate Town's General Fund, with no provision made for claim liability in addition to premiums, unless an assessment is made by the Trust. There have been no assessments during the year ended June 30, 2015 and the amount of settlements has not exceeded coverage for each of the past three years.

Through 2015 the Town has paid into a First Dollar reserve maintained by its health insurance administrator. The balance available to the Town was \$2,610 as of June 30, 2015. As of 2016, with the shift to a new health care program, this reserve will be liquidated.

TOWN OF GARRETT PARK, MARYLAND

Notes to Financial Statements June 30, 2015

9. COMMITMENTS AND CONTINGENCIES

Grants

The Town receives grants periodically. Expenditures from certain grants are subject to audit by the grantor, and the Town is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of the Town's management, no material refunds will be required as of the end of fiscal year 2015, as a result of disallowed expenditures.

10. FUND BALANCE REPORTING

Fund balances for the Town's governmental funds consisted of the following as of June 30, 2015:

Non-Spendable Fund Balances

As of June 30, 2015, the amount of non-spendable fund balances was \$1,329.

Committed Fund Balances

As of June 30, 2015, \$405,000 in the general fund was committed for future expenditures.

11. NEW ACCOUNTING PRONOUNCEMENTS

The Town adopted GASB Statement No. 68, entitled *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*; Statement No. 69, entitled *Government Combinations and Disposals of Government Operations* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These Statements did not have a material effect on the Town's financial statements.

TOWN OF GARRETT PARK, MARYLAND

Schedule of Revenues and Expenditures Budget and Actual General Fund - Unaudited June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual - Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Revenue				
Taxes	\$ 746,300	\$ 757,777	\$ 797,077	\$ 39,300
Licenses and permits	15,000	15,000	15,940	940
Rents received	129,675	132,675	138,727	6,052
Intergovernmental	76,200	76,200	75,264	(936)
Interest income	1,000	1,000	2,263	1,263
Municipal refuse collection	134,000	134,000	135,953	1,953
Miscellaneous	500	7,500	7,683	183
Prior year carryover and reserves	40,000	104,350	115,740	11,390
Total Revenue	<u>1,142,675</u>	<u>1,228,502</u>	<u>1,288,647</u>	<u>60,145</u>
Operating Expenditures				
General government	507,288	516,263	510,656	5,607
Public works	342,000	352,500	280,187	72,313
Parks	27,000	42,000	29,349	12,651
Debt service	66,080	66,080	61,484	4,596
Total Operating Expenditures	<u>942,368</u>	<u>976,843</u>	<u>881,676</u>	<u>95,167</u>
Other Expenditures				
Capital fund reserve and expenditures	181,307	225,159	225,159	-
Transfer to other reserves	19,000	26,500	25,040	1,460
Total Other Expenditures	<u>200,307</u>	<u>251,659</u>	<u>250,199</u>	<u>1,460</u>
Total Expenditures	<u>1,142,675</u>	<u>1,228,502</u>	<u>1,131,875</u>	<u>96,627</u>
Revenue in excess of expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>156,772</u>	<u>\$ 156,772</u>
Basis adjustment				
Adjustment for amounts transferred to reserves			57,436	
Grant recognized for GAAP purposes			14,632	
GAAP Basis - Net Change in Fund Balance			<u>\$ 228,840</u>	